

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



March 19, 2014

Jarrold Pickering
Superintendent
Lorenzo Independent School District
1003 3rd St.
Lorenzo, Texas 79416

Dear Superintendent Pickering:

On December 19, 2013, the Comptroller received the completed application (Application # 369) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in November 2013 to the Lorenzo Independent School District (the school district) by Fiber Winds Energy, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$100 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a renewable energy facility in Crosby County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

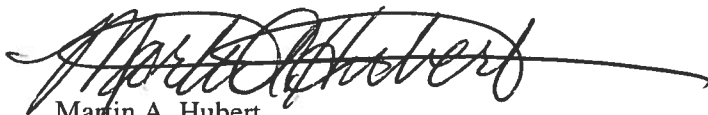
Note that any new building or other improvement existing as of the application review start date of December 19, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Fiber Winds Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lorenzo ISD
2012-13 Enrollment in School District	302
County	Crosby
Total Investment in District	\$100,000,000
Qualified Investment	\$100,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	3*
Number of qualifying jobs committed to by applicant	3
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$870
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$712
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,250
Investment per Qualifying Job	\$33,333,333
Estimated 15 year M&O levy without any limit or credit:	\$8,429,025
Estimated gross 15 year M&O tax benefit	\$5,133,413
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$4,499,302
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$710,424
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,929,723
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	53.4%
Percentage of tax benefit due to the limitation	86.2%
Percentage of tax benefit due to the credit	13.8%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Fiber Winds Energy, LLC (the project) applying to Lorenzo Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create three new jobs when fully operational. All three jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains Workforce Development Area, where Crosby County is located was \$33,662 in 2013. The annual average manufacturing wage for 2013 for Crosby County is not available. That same year, the county annual average wage for all industries was \$32,253. In addition to an annual average salary of \$45,250 each qualifying position will receive benefits such as health insurance in compliance with the Affordable Care Act, competitive 401(k) retirement savings plan, vacation time and sick leave. The project's total investment is \$100 million, resulting in a relative level of investment per qualifying job of \$33.3 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Fiber Winds Energy, LLC's application, "Wind farms are operating and under development in many states throughout the country. The Applicant can locate the Project anywhere in the United States with sufficient prevailing wind conditions conducive to power generation."

Number of new facilities in region [313.026(12)]

During the past two years, nine projects in the South Plains Workforce Development Area applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Fiber Winds Energy, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified renewable energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the renewable energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Fiber Winds Energy, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Fiber Winds Energy, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	5	6	11	\$226,250	\$383,750	\$610,000
2015	65	64	129	\$2,941,250	\$4,626,750	\$7,568,000
2016	3	4	7	\$135,750	\$718,250	\$854,000
2017	3	2	5	\$135,750	\$718,250	\$854,000
2018	3	1	4	\$135,750	\$474,250	\$610,000
2019	3	1	4	\$135,750	\$352,250	\$488,000
2020	3	1	4	\$135,750	\$230,250	\$366,000
2021	3	1	4	\$135,750	\$352,250	\$488,000
2022	3	1	4	\$135,750	\$230,250	\$366,000
2023	3	1	4	\$135,750	-\$13,750	\$122,000
2024	3	(1)	2	\$135,750	-\$13,750	\$122,000
2025	3	3	6	\$135,750	-\$13,750	\$122,000
2026	3	(3)	0	\$135,750	-\$13,750	\$122,000
2027	3	1	4	\$135,750	\$108,250	\$244,000
2028	3	3	6	\$135,750	\$108,250	\$244,000
2029	3	(3)	0	\$135,750	\$108,250	\$244,000

Source: CPA, REMI, Fiber Winds Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Lorenzo ISD's ad valorem tax base in 2012-2013 was \$169 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Lorenzo ISD's estimated wealth per WADA was \$325,735. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Crosby County, Crosby County Hospital District and High Plains Underground Water Conservation District with all property tax incentives sought being granted using estimated market value from Fiber Winds Energy, LLC's application. Fiber Winds Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Fiber Winds Energy, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy	Lorenzo ISD M&O and I&S Tax Levies (Before Credit Credited)	Lorenzo ISD M&O and I&S Tax Levies (After Credit Credited)	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0000	1.0271			0.5457	0.1424	0.0075	
2015	\$2,500,000	\$2,500,000		\$0	\$25,678	\$25,678	\$25,678	\$13,643	\$3,560	\$189	\$43,069
2016	\$79,848,000	\$79,848,000		\$0	\$820,119	\$820,119	\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573
2017	\$75,855,600	\$10,000,000		\$0	\$102,710	\$102,710	\$102,710	\$413,944	\$108,018	\$5,720	\$630,392
2018	\$72,062,820	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$393,247	\$102,617	\$5,434	\$552,653
2019	\$68,459,680	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$373,584	\$97,487	\$5,162	\$527,588
2020	\$65,036,695	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$354,905	\$92,612	\$4,904	\$503,776
2021	\$61,784,860	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$337,160	\$87,982	\$4,659	\$481,155
2022	\$58,695,618	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$320,302	\$83,583	\$4,426	\$459,665
2023	\$55,760,836	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$304,287	\$79,403	\$4,204	\$439,250
2024	\$52,972,794	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$289,073	\$75,433	\$3,994	\$419,855
2025	\$50,324,155	\$50,324,155		\$0	\$516,879	\$516,879	\$165,940	\$274,619	\$71,662	\$3,794	\$516,015
2026	\$47,807,947	\$47,807,947		\$0	\$491,035	\$491,035	\$491,035	\$260,888	\$68,079	\$3,605	\$823,607
2027	\$45,417,550	\$45,417,550		\$0	\$466,484	\$466,484	\$466,484	\$247,844	\$64,675	\$3,424	\$782,426
2028	\$43,146,672	\$43,146,672		\$0	\$443,159	\$443,159	\$443,159	\$235,451	\$61,441	\$3,253	\$743,305
2029	\$40,989,339	\$40,989,339		\$0	\$421,002	\$421,002	\$421,002	\$223,679	\$58,369	\$3,091	\$706,140
						Total	\$3,295,612	\$4,478,356	\$1,168,623	\$61,878	\$9,004,469

Assumes School Value Limitation and Tax Abatements with Crosby County

Source: CPA, Fiber Winds Energy, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy		Lorenzo ISD M&O and I&S Tax Levies	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0000	1.0271			0.5457	0.1424	0.0075	
2015	\$2,500,000	\$2,500,000		\$0	\$25,678		\$25,678	\$13,643	\$3,560	\$189	\$43,069
2016	\$79,848,000	\$79,848,000		\$0	\$820,119		\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573
2017	\$75,855,600	\$75,855,600		\$0	\$779,113		\$779,113	\$413,944	\$108,018	\$5,720	\$1,306,795
2018	\$72,062,820	\$72,062,820		\$0	\$740,157		\$740,157	\$393,247	\$102,617	\$5,434	\$1,241,455
2019	\$68,459,680	\$68,459,680		\$0	\$703,149		\$703,149	\$373,584	\$97,487	\$5,162	\$1,179,382
2020	\$65,036,695	\$65,036,695		\$0	\$667,992		\$667,992	\$354,905	\$92,612	\$4,904	\$1,120,413
2021	\$61,784,860	\$61,784,860		\$0	\$634,592		\$634,592	\$337,160	\$87,982	\$4,659	\$1,064,392
2022	\$58,695,618	\$58,695,618		\$0	\$602,863		\$602,863	\$320,302	\$83,583	\$4,426	\$1,011,173
2023	\$55,760,836	\$55,760,836		\$0	\$572,720		\$572,720	\$304,287	\$79,403	\$4,204	\$960,614
2024	\$52,972,794	\$52,972,794		\$0	\$544,084		\$544,084	\$289,073	\$75,433	\$3,994	\$912,584
2025	\$50,324,155	\$50,324,155		\$0	\$516,879		\$516,879	\$274,619	\$71,662	\$3,794	\$866,954
2026	\$47,807,947	\$47,807,947		\$0	\$491,035		\$491,035	\$260,888	\$68,079	\$3,605	\$823,607
2027	\$45,417,550	\$45,417,550		\$0	\$466,484		\$466,484	\$247,844	\$64,675	\$3,424	\$782,426
2028	\$43,146,672	\$43,146,672		\$0	\$443,159		\$443,159	\$235,451	\$61,441	\$3,253	\$743,305
2029	\$40,989,339	\$40,989,339		\$0	\$421,002		\$421,002	\$223,679	\$58,369	\$3,091	\$706,140
						Total	\$8,429,025	\$4,478,356	\$1,168,623	\$61,878	\$14,137,882

Source: CPA, Fiber Winds Energy, LLC

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$7,551,847 The estimated gross 13 year M&O tax benefit, or levy loss, is \$5,133,413.

Attachment 3 is an economic overview of Crosby County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010): Investment

Applicant Name: Fiber Winds Energy, LLC
 ISD Name: Lorenzo ISD

Form 50-298

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2014-2015	2014	\$ -	\$ -		\$ -	\$ -
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)				\$ -	\$ -		\$ -	\$ -
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)				\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
	Complete tax years of qualifying time period	1	2015-2016	2015	\$ 84,700,000	\$ 300,000	\$ 85,000,000	\$ -	\$ 85,000,000
		2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -
		3	2017-2018	2017	\$ -	\$ -		\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	4	2018-2019	2018	\$ -	\$ -		\$ -	\$ -
		5	2019-2020	2019	\$ -	\$ -		\$ -	\$ -
		6	2020-2021	2020	\$ -	\$ -		\$ -	\$ -
		7	2021-2022	2021	\$ -	\$ -		\$ -	\$ -
		8	2022-2023	2022	\$ -	\$ -		\$ -	\$ -
		9	2023-2024	2023	\$ -	\$ -		\$ -	\$ -
		10	2024-2025	2024	\$ -	\$ -		\$ -	\$ -
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -		\$ -	\$ -
		12	2026-2027	2026	\$ -	\$ -		\$ -	\$ -
		13	2027-2028	2027	\$ -	\$ -		\$ -	\$ -
Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -		\$ -	\$ -
Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -		\$ -	\$ -

Qualifying Time Period

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.]

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.02(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.


 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13
 DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name Fiber Winds Energy, LLC
 ISD Name Lorenzo ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new Improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new Improvement"		Final taxable value for IS - after all reductions	Final taxable value for M&O--after all reductions
	pre-year 1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	1	2015-2016	2015	\$ -	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
	2	2016-2017	2016	\$ -	\$ 300,000	\$ 79,548,000	\$ -	\$ 79,848,000	\$ 79,848,000
	3	2017-2018	2017	\$ -	\$ 285,000	\$ 75,570,600	\$ -	\$ 75,855,600	\$ 10,000,000
	4	2018-2019	2018	\$ -	\$ 270,750	\$ 71,792,070	\$ -	\$ 72,062,820	\$ 10,000,000
	5	2019-2020	2019	\$ -	\$ 257,213	\$ 68,202,467	\$ -	\$ 68,459,679	\$ 10,000,000
	6	2020-2021	2020	\$ -	\$ 244,352	\$ 64,792,343	\$ -	\$ 65,036,695	\$ 10,000,000
	7	2021-2022	2021	\$ -	\$ 232,134	\$ 61,552,726	\$ -	\$ 61,784,860	\$ 10,000,000
	8	2022-2023	2022	\$ -	\$ 220,528	\$ 58,475,090	\$ -	\$ 58,695,617	\$ 10,000,000
	9	2023-2024	2023	\$ -	\$ 209,501	\$ 55,551,335	\$ -	\$ 55,760,836	\$ 10,000,000
	10	2024-2025	2024	\$ -	\$ 199,026	\$ 52,773,768	\$ -	\$ 52,972,795	\$ 10,000,000
	11	2025-2026	2025	\$ -	\$ 189,075	\$ 50,135,080	\$ -	\$ 50,324,155	\$ 50,324,155
	12	2026-2027	2026	\$ -	\$ 179,621	\$ 47,628,326	\$ -	\$ 47,807,947	\$ 47,807,947
	13	2027-2028	2027	\$ -	\$ 170,640	\$ 45,246,910	\$ -	\$ 45,417,550	\$ 45,417,550
	14	2028-2029	2028	\$ -	\$ 162,108	\$ 42,984,564	\$ -	\$ 43,146,672	\$ 43,146,672
	15	2029-2030	2029	\$ -	\$ 154,003	\$ 40,835,336	\$ -	\$ 40,989,339	\$ 40,989,339
Credit Settle-Up Period	Continue to Maintain Viable Presence								
Post- Settle-Up Period									
Post- Settle-Up Period									

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13

DATE

Schedule C- Application: Employment Information

Applicant Name Fiber Winds Energy, LLC
 ISD Name Lorenzo ISD

Form 50-296

Form 50-296										
Construction				New Jobs		Qualifying Jobs				
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
	pre-year 1	2014-2015	2014	5 FTE	\$ 45,250	0	\$ -	0	\$ -	
Tax Credit Period (with 50% cap on credit)		1	2015-2016	2015	65 FTE	\$ 45,250	0	\$ -	\$ -	
		2	2016-2017	2016						
		3	2017-2018	2017	0	N/A	3	\$ 45,250	3	\$ 45,250
		4	2018-2019	2018	0	N/A	3	\$ 45,250	3	\$ 45,250
		5	2019-2020	2019	0	N/A	3	\$ 45,250	3	\$ 45,250
Tax Credit Period (with 50% cap on credit)		6	2020-2021	2020	0	N/A	3	\$ 45,250	3	\$ 45,250
		7	2021-2022	2021	0	N/A	3	\$ 45,250	3	\$ 45,250
		8	2022-2023	2022	0	N/A	3	\$ 45,250	3	\$ 45,250
		9	2023-2024	2023	0	N/A	3	\$ 45,250	3	\$ 45,250
		10	2024-2025	2024	0	N/A	3	\$ 45,250	3	\$ 45,250
Credit Settle-Up Period		11	2025-2026	2025	0	N/A	3	\$ 45,250	3	\$ 45,250
		12	2026-2027	2026	0	N/A	3	\$ 45,250	3	\$ 45,250
		13	2027-2028	2027	0	N/A	3	\$ 45,250	3	\$ 45,250
Post- Settle-Up Period		14	2028-2029	2028	0	N/A	3	\$ 45,250	3	\$ 45,250
Post- Settle-Up Period		15	2029-2030	2029	0	N/A	3	\$ 45,250	3	\$ 45,250

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13
 DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name **FiberWinds Energy, LLC**

ISD Name **Lorenzo ISD**

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Water District
		Year	School Year (YYY-YYY)	Tax Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014	\$ 312,500	\$ 2,187,500	\$ -	0%	N/A	0%	0%
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2015-2016	2015	\$ 11,875,000	\$ 83,125,000	\$ 12,000.00	0%	N/A	0%	0%
		2	2016-2017	2016	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		4	2018-2019	2018	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		5	2019-2020	2019	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		6	2020-2021	2020	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		7	2021-2022	2021	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		8	2022-2023	2022	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		9	2023-2024	2023	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		10	2024-2025	2024	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ 640,000	\$ 960,000	\$ 12,000.00	100%	N/A	0%	0%
		12	2026-2027	2026	\$ 652,800	\$ 979,200	\$ 12,000.00	0%	N/A	0%	0%
		13	2027-2028	2027	\$ 665,856	\$ 998,784	\$ 12,000.00	0%	N/A	0%	0%
Post-Settle-Up Period		14	2028-2029	2028	\$ 679,173	\$ 1,018,760	\$ 12,000.00	0%	N/A	0%	0%
Post-Settle-Up Period		15	2029-2030	2029	\$ 692,757	\$ 1,039,135	\$ 12,000.00	0%	N/A	0%	0%

*For planning, construction and operation of the facility.


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13
DATE

Attachment 2



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

March 12, 2014

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Fiber Winds Energy LLC project on the number and size of school facilities in Lorenzo Independent School District (LISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the LISD superintendent, Jerrod Pickering, the TEA has found that the Fiber Winds Energy LLC project would not have a significant impact on the number or size of school facilities in LISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie", with a long horizontal flourish extending to the right.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

March 12, 2014

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Fiber Winds Energy LLC project for the Lorenzo Independent School District (LISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Fiber Winds Energy LLC project on LISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie", with a long, sweeping horizontal line extending to the right.

Al McKenzie, Manager
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Fiber Winds Energy, LLC**

**Prepared by
Randy McDowell, RTSBA
&
Neal Brown
School Finance Consultants**

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Summary of Lorenzo ISD Financial Impact of the Limited Appraised Value Application from Fiber Winds Energy, LLC

Introduction

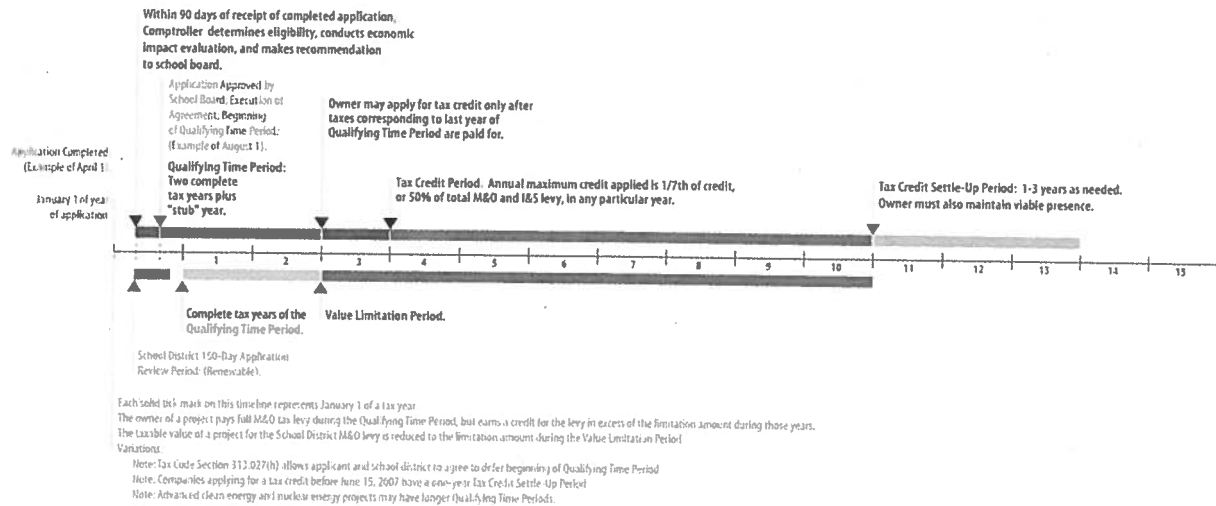
Fiber Winds Energy, LLC applied for a property value limitation from Lorenzo Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 18, 2013 and subsequently approved for consideration by the Lorenzo ISD Board of Trustees. Fiber Winds Energy, LLC ("Fiber Winds"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

"The Economic Development Act ", Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement") to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Lorenzo ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Lorenzo ISD has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be

Lorenzo ISD Financial Impact of Chapter 313 Agreement

reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lorenzo ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Fiber Winds" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Lorenzo ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Fiber Winds	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	2,500,000	n/a	0	2,500,000
Jan. 1, 2016	79,848,000	n/a	0	79,848,000
Jan. 1, 2017	75,855,600	(10,000,000)	65,855,600	10,000,000
Jan. 1, 2018	72,062,820	(10,000,000)	62,062,820	10,000,000
Jan. 1, 2019	68,459,679	(10,000,000)	58,459,679	10,000,000
Jan. 1, 2020	65,036,695	(10,000,000)	55,036,695	10,000,000
Jan. 1, 2021	61,784,860	(10,000,000)	51,784,860	10,000,000
Jan. 1, 2022	58,695,617	(10,000,000)	48,695,617	10,000,000
Jan. 1, 2023	55,760,836	(10,000,000)	45,760,836	10,000,000
Jan. 1, 2024	52,972,795	(10,000,000)	42,972,795	10,000,000
Jan. 1, 2025	50,324,155	n/a	0	50,324,155
Jan. 1, 2026	47,807,947	n/a	0	47,807,947
Jan. 1, 2027	45,417,550	n/a	0	45,417,550

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Fiber Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Fiber Wind is \$4.499 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Lorenzo ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election that would approve a M&O tax rate in excess of \$1.0271; therefore, the study assumes that they will maintain a M&O tax rate of \$1.0271. The M&O rate for 2016-2017 & 2025-2026 is projected to drop to \$1.0171 due to the rollback tax rate calculations.
- The district currently has no outstanding bonded indebtedness and therefore no I&S tax rate was projected in the study. The district could pursue a bond election and issue bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0271	0.000	25,678	0	n/a	0	0
2016-2017	1.0171	0.000	812,134	0	n/a	0	0
2017-2018	1.0271	0.000	779,113	676,403	n/a	(634,112)	42,291
2018-2019	1.0271	0.000	740,157	637,447	51,355	0	688,802
2019-2020	1.0271	0.000	703,149	600,439	51,355	0	651,794
2020-2021	1.0271	0.000	667,992	565,282	51,355	0	616,637
2021-2022	1.0271	0.000	634,592	531,882	51,355	0	583,237
2022-2023	1.0271	0.000	602,863	500,153	51,355	0	551,508
2023-2024	1.0271	0.000	572,720	470,010	51,355	0	521,365
2024-2025	1.0271	0.000	544,084	441,374	51,355	0	492,729
2025-2026	1.0171	0.000	511,847	0	350,939	0	350,939
2026-2027	1.0271	0.000	491,035	0	0	0	0
2027-2028	1.0271	0.000	466,484	0	0	0	0
Totals			7,551,847	4,422,989	710,424	(634,112)	4,499,302

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lorenzo ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increased by 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Fiber Winds (Table III), the addition of Fiber Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Fiber Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Fiber Winds Energy, LLC:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2015-2016	195,201,857	1,887,797	785,944	0	2,673,741	172,097	2,845,837
2016-2017	197,053,876	1,905,708	792,447	0	2,698,155	191,625	2,889,780
2017-2018	198,924,415	1,923,798	759,020	0	2,682,818	192,505	2,875,324
2018-2019	200,813,659	1,942,069	730,398	0	2,672,467	191,526	2,863,993
2019-2020	202,721,795	1,960,522	696,597	0	2,657,120	190,551	2,847,671
2020-2021	204,649,013	1,979,161	667,601	0	2,646,761	189,582	2,836,343
2021-2022	206,595,503	1,997,985	630,816	0	2,628,801	188,618	2,817,419
2022-2023	208,561,458	2,016,998	599,050	0	2,616,048	187,658	2,803,706
2023-2024	219,047,073	2,118,404	567,011	0	2,685,415	194,170	2,879,585
2024-2025	219,202,544	2,119,908	450,583	0	2,570,491	184,081	2,754,571
2025-2026	219,378,069	2,121,605	439,044	0	2,560,649	181,408	2,742,057
2026-2027	220,535,850	2,132,802	422,038	0	2,554,840	183,066	2,737,906
2027-2028	221,767,368	2,144,712	400,026	0	2,544,738	182,197	2,726,935

Lorenzo ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Fiber Winds Energy without Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	3,646,286
2017-2018	274,780,015	2,657,398	60,633	121,059	2,596,972	188,712	2,785,684
2018-2019	272,876,479	2,638,988	63,019	113,461	2,588,546	187,917	2,776,463
2019-2020	271,181,474	2,622,596	61,091	107,885	2,575,802	187,121	2,762,922
2020-2021	269,685,708	2,608,130	63,775	104,241	2,567,664	186,323	2,753,988
2021-2022	268,380,363	2,595,506	65,340	102,444	2,558,402	185,524	2,743,927
2022-2023	267,257,075	2,584,643	59,324	102,414	2,541,553	184,724	2,726,277
2023-2024	274,807,909	2,657,667	59,541	107,395	2,609,813	189,749	2,799,562
2024-2025	272,175,339	2,632,208	60,651	188,051	2,504,808	181,866	2,686,674
2025-2026	269,702,224	2,608,290	62,936	175,143	2,496,084	181,059	2,677,143
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	2,665,447

TABLE V – District Revenues with Fiber Winds Energy with Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
		Comp Rate	State Revenue					
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	0	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	0	3,646,286
2017-2018	208,924,415	2,020,508	79,297	92,045	2,007,760	143,812	634,112	2,785,684
2018-2019	210,813,659	2,038,779	630,787	0	2,669,566	191,350	0	2,860,915
2019-2020	212,721,795	2,057,232	596,986	0	2,654,219	190,378	0	2,844,597
2020-2021	214,649,013	2,075,871	567,989	0	2,643,859	189,412	0	2,833,271
2021-2022	216,595,503	2,094,695	531,205	0	2,625,900	188,451	0	2,814,351
2022-2023	218,561,458	2,113,708	499,438	0	2,613,146	187,495	0	2,800,641
2023-2024	229,047,073	2,215,114	467,399	0	2,682,513	193,668	0	2,876,181
2024-2025	229,202,544	2,216,618	350,972	0	2,567,590	184,002	0	2,751,592
2025-2026	269,702,224	2,608,290	327,919	0	2,936,209	179,184	0	3,115,393
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	0	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	0	2,665,447

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Fiber Winds Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Lorenzo ISD by Fiber Winds, the projected amount of these payments over the life of the agreement is \$338,062 of the \$4.499 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Lorenzo ISD \$100/ADA	Fiber Wind's Share
2015-2016	0	26,794	(26,794)
2016-2017	0	26,660	(26,660)
2017-2018	42,291	26,527	15,764
2018-2019	688,802	26,394	662,408
2019-2020	651,794	26,262	625,532
2020-2021	616,637	26,131	590,506
2021-2022	583,237	26,000	557,237
2022-2023	551,508	25,870	525,637
2023-2024	521,365	25,741	495,624
2024-2025	492,729	25,612	467,116
2025-2026	350,939	25,484	325,455
2026-2027	0	25,357	(25,357)
2027-2028	0	25,230	(25,230)
Totals	4,499,302	338,062	4,161,240

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Pre-K thru 6	16	352	189	163
7 thru 12	12	240	116	124
Total	28	592	305	287

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Lorenzo ISD is a pre-kindergarten through 12th grade district.

Fiber Winds Energy, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that three full-time employees are expected. It is not known whether these would be new employees to the Lorenzo ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus the new three positions equates to 2 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Lorenzo ISD as displayed in Table VII above.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Fiber Winds Energy, LLC, would be beneficial to both Fiber Winds and Lorenzo ISD under the current school finance system.

Fiber Winds Energy, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Fiber Winds is projected to benefit from a 78% tax savings over the first eleven year period of this agreement. Fiber Winds also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Lorenzo ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Fiber Winds to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

Attachment 3

Crosby County

Population

- Total county population in 2010 for Crosby County: 6,069 , up 0.1 percent from 2009. State population increased 1.8 percent in the same time period.
- Crosby County was the state's 193th largest county in population in 2010 and the 190 th fastest growing county from 2009 to 2010.
- Crosby County's population in 2009 was 42.1 percent Anglo (below the state average of 46.7 percent), 4.2 percent African-American (below the state average of 11.3 percent) and 52.7 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Crosby County:

Ralls:	1,940	Crosbyton:	1,591
Lorenzo:	1,171		

Economy and Income

Employment

- September 2011 total employment in Crosby County: 2,454 , up 1.4 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Crosby County unemployment rate: 10.3 percent, up from 7.8 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Crosby County's ranking in per capita personal income in 2009: 101st with an average per capita income of \$34,095, up 2.5 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Crosby County averaged \$144.99 million annually from 2007 to 2010. County total agricultural values in 2010 were down 4.9 percent from 2009. Major agriculture related commodities in Crosby County during 2010 included:
 - Hay
 - Wheat
 - Other Beef
 - Cottonseed
 - Cotton
- 2011 oil and gas production in Crosby County: 491,409.0 barrels of oil and 40,450.0 Mcf of gas. In September 2011, there were 442 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Crosby County during the fourth quarter 2010: \$2.79 million, up 5.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Ralls:	\$1.06 million, up 2.1 percent from the same quarter in 2009.
Crosbyton:	\$961,607.00, up 0.4 percent from the same quarter in 2009.
Lorenzo:	\$372,095.00, up 8.9 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Crosby County through the fourth quarter of 2010: \$10.25 million, up 1.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Ralls:	\$3.83 million, up 0.6 percent from the same period in 2009.
Crosbyton:	\$3.42 million, down 6.3 percent from the same period in 2009.
Lorenzo:	\$1.34 million, down 2.2 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Crosby County during 2010: \$10.25 million, up 1.1 percent from 2009.
- Crosby County sent an estimated \$640,386.63 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Ralls:	\$3.83 million, up 0.6 percent from 2009.
Crosbyton:	\$3.42 million, down 6.3 percent from 2009.

Lorenzo: \$1.34 million, down 2.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Crosby County based on the sales activity month of August 2011: \$17,417.34, up 4.0 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Ralls:	\$7,975.40, up 7.0 percent from August 2010.
Crosbyton:	\$7,209.34, up 4.8 percent from August 2010.
Lorenzo:	\$2,232.60, down 7.2 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months from September 2010 through August 2011: \$226,258.47, up 0.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Ralls:	\$103,179.19, up 6.7 percent from fiscal 2010.
Crosbyton:	\$92,855.99, down 5.8 percent from fiscal 2010.
Lorenzo:	\$30,223.29, up 4.5 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months through August 2011: \$149,922.76, up 0.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Ralls:	\$67,121.63, up 5.5 percent from the same period in 2010.
Crosbyton:	\$61,654.58, down 7.0 percent from the same period in 2010.
Lorenzo:	\$21,146.55, up 7.7 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Crosby County based on sales activity in the 12 months ending in August 2011: \$226,258.47, up 0.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Ralls:	\$103,179.19, up 6.7 percent from the previous 12-month period.
Crosbyton:	\$92,855.99, down 5.8 percent from the previous 12-month period.
Lorenzo:	\$30,223.29, up 4.5 percent from the previous 12-month period.

City Calendar Year-To-Date (RJ 2011)

- Payment to the cities from January 2011 through October 2011:

Ralls:	\$84,931.24, up 4.0 percent from the same period in 2010.
Crosbyton:	\$78,924.83, down 4.4 percent from the same period in 2010.
Lorenzo:	\$25,791.46, up 5.8 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Crosby County based on sales activity months in 2010: \$225,943.92, up 2.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Ralls:	\$99,709.05, up 5.6 percent from 2009.
Crosbyton:	\$97,519.75, down 1.0 percent from 2009.
Lorenzo:	\$28,715.12, up 6.0 percent from 2009.

Property Tax

- As of January 2009, property values in Crosby County: \$655.16 million, up 2.5 percent from January 2008 values. The property tax base per person in Crosby County is \$107,245, above the statewide average of \$85,809. About 24.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Crosby County's ranking in state expenditures by county in fiscal year 2010: 184th. State expenditures in the county for FY2010: \$28.18 million, up 0.1 percent from FY2009.
- In Crosby County, 7 state agencies provide a total of 27 jobs and \$270,638.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - AgriLife Extension Service
 - Health & Human Services Commission
 - Department of Aging and Disability Services

Higher Education

- Community colleges in Crosby County fall 2010 enrollment:
 - None.
- Crosby County is in the service area of the following:
 - South Plains College with a fall 2010 enrollment of 10,153. Counties in the service area include:
 - Bailey County
 - Cochran County
 - Crosby County
 - Floyd County
 - Gaines County
 - Garza County
 - Hale County
 - Hockley County
 - Lamb County
 - Lubbock County
 - Lynn County
 - Motley County
 - Terry County
 - Yoakum County
- Institutions of higher education in Crosby County fall 2010 enrollment:
 - None.

School Districts

- Crosby County had 3 school districts with 11 schools and 1,273 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Crosbyton ISD had 415 students in the 2009-10 school year. The average teacher salary was \$40,893. The percentage of students meeting the 2010 TAKS passing standard for all tests was 65 percent.
 - Lorenzo ISD had 317 students in the 2009-10 school year. The average teacher salary was \$41,094. The percentage of students meeting the 2010 TAKS passing standard for all tests was 50 percent.
 - Ralls ISD had 541 students in the 2009-10 school year. The average teacher salary was \$37,609. The percentage of students meeting the 2010 TAKS passing standard for all tests was 66 percent.